

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 NEA-10 IO-13 ISO-00 OIC-02 CIAE-00
DODE-00 NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00
AGRE-00 CEA-01 COME-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 PA-01 CTME-00 AID-05 SS-15 STR-07
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FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC IMMEDIATE 0059

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ANRPC, ETRD, CE

SUBJ: ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC)
ASSEMBLY, APRIL 7-8, 1978

REF: (A) COLOMBO 1661; (B) KUALA LUMPUR 2524; (C)(8(7-)-
7.074 2341; (D) STATE 66431; (E) COLOMBO 1095;
(F) GENEVA 3285; (G) GENEVA 3286

1. REFTEL A REPORTED PROCEEDINGS OF THE SIXTH ASSEMBLY OF
THE ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC).
THIS MESSAGE IS INTENDED TO AMPLIFY INFORMATION CONTAINED
REFTEL A IN ACCORDANCE WITH DEPARTMENT INTEREST EXPRESSED
PARA 1 REFTEL D.

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2. AS EXPECTED, MOST SUBSTANTIVE SESSIONS OF THE ANRPC ASSEMBLY
WERE OPEN ONLY TO MEMBER DELEGATIONS. PER SUGGESTIONS REFTEL
D ATTEMPTS WERE MADE TO ESTABLISH CONTACT WITH DR. B.C. SEKHAR
OF THE MALAYSIAN DELEGATION BUT TO NO AVAIL. FOLLOWING
GLEANED MAINLY FROM DISCUSSIONS WITH OBSERVER COLLEAGUES,
ESPECIALLY DR. O. VAN WAUWE, EEC REPRESENTATIVE AND WITH NEW
SECRETARY GENERAL OF THE ANRPC, DR. S. REKSOPUTRANTO.

3. FORMULATION OF THE DRAFT PRICE STABILIZATION AGREEMENT (PSA)
MUCH MORE THAN THE ASSEMBLY REPORTS WOULD SUGGEST, THE MAIN
ITEM OF BUSINESS FOR THIS MEETING WAS THE DRAFT AGREEMENT.
OUR INFORMATION IS THAT THE PROPOSED PRICE STABILIZATION SCHEME
MOST FAVORED WHEN THE ASSEMBLY CONCLUDED WAS PUT FORTH BY THE
MALAY DELEGATION. IT CALLS FOR A PRICE STABILIZATION BAND
WHEREIN THE AVERAGE PRICE IS SET AT 180 MALAY CENTS PER KILO
AND A TOLERANCE OF 5 PERCENT IS ALLOWED FOR PRICE FLUCTUATION
ON EITHER SIDE OF THE AVERAGE PRICE BEFORE THE STABILITY
MECHANISMS ARE ACTIVATED. ALSO CONSIDERED WAS A SIMILAR SCHEME
IN WHICH THE AVERAGE PRICE WOULD BE SET AT 150 MALAY CENTS PER
KILO. ANOTHER SCHEME, REPORTEDLY ALSO FAVORED BY THE MALAY-
SIANS, WOULD WIDEN THE BAND AND ALLOW A TOLERANCE OF 7-1/2
PERCENT ON EACH SIDE OF THE AVERAGE PRICE.

4. APPARENTLY, THERE WAS LITTLE OR NO DISAGREEMENT OVER THE
PROPOSAL TO ESTABLISH A BUFFER STOCK, THOUGH THE METHOD TO BE
ADOPTED FOR INITIATING THE STOCKPILE REMAINS UNRESOLVED. THE
MAIN POINT OF CONTENTION IS REPORTEDLY THE INSISTENCE BY SOME
MEMBERS THAT THEY BE ALLOWED TO MAKE THEIR BUFFER CONTRIBUTIONS
IN RUBBER DEPOSITS.

5. THE MAJORITY REPORTEDLY FAVOR "SUPPLY RATIONALIZATION."
WE WERE UNABLE TO LEARN MORE ABOUT THIS OTHER THAN THAT THE
MALAYSIAN DELEGATION, AS STATED REFTEL A, REMAIN COOL TOWARD
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SUPPLY RATIONALIZATION SCHEME.

6. OTHER MATTERS REMAINING TO BE RESOLVED OR OTHERWISE BEAR-
ING ON UPCOMING NEGOTIATIONS ARE:

(A) GROWING DISCONTENT IN ASSOCIATION OVER INCREASINGLY
DOMINANT ROLE OF MALAYSIANS. ISSUES, SUCH AS APPARENT DETER-
MINATION BY MALAYSIANS TO KEEP BRAZIL AND AFRICAN PRODUCERS
OF NATURAL RUBBER OUT OF ANRPC, AND MALAYSIAN COOLNESS TOWARD
SUPPLY RATIONALIZATION SCHEME ALSO CONTRIBUTE TO A GROWING
DIVISION IN ANRPC. MOREOVER, THE MALAYS ARE PERCEIVED TO BE
"EASILY SWAYABLE TO THE CONSUMERS' VIEWS" ON CERTAIN QUESTIONS
RELATING TO THE PROPOSED PRICE STABILIZATION AGREEMENT.

(B) INDIA, THAILAND AND SINGAPORE ARE REPORTED TO BE THE
LEAST ENTHUSIASTIC SUPPORTERS OF THE DRAFT AGREEMENT DRAWN UP
AT THIS ASSEMBLY. INDIA AND SINGAPORE ARE CONCERNED ABOUT
THE AMOUNTS OF BUFFER STOCK CONTRIBUTIONS MEMBERS ARE TO BE
ASSESSED, AND THE METHOD THROUGH WHICH CONTRIBUTIONS WILL BE
COLLECTED. WE WERE UNABLE TO ASCERTAIN THE REASON FOR THAI-
LAND'S LACK OF ENTHUSIASM OVER THE DRAFT AS IT NOW STANDS.

(C) REGARDING ACCUMULATION OF A BUFFER STOCK, A WIDELY
DISCUSSED PROPOSAL CALLS FOR THE INITIAL 100,000 TONS TO BE
CONTCQBUTED ON A PRO-RATA BASIS BETWEEN PRODUCERS AND CON-

SUMERS (ABOUT 1 TO 4 RATIO). EACH GROUP WILL DETERMINE ITS INDIVIDUAL MEMBERS' CONTRIBUTIONS.

(D) CONSUMERS WILL BE EXPECTED TO PAY ABOUT 50 PERCENT OF SUPPLY RATIONALIZATION COSTS.

(E) CONSUMERS WILL BE PRESSED TO PAY A GREATER SHARE OF NATURAL RUBBER RESEARCH AND DEVELOPMENT COSTS.

7. SECRETARY GENERAL REKSOPUTRANTO EMPHASIZED THE PRODUCERS' STRONG HOPES THAT MEANINGFUL DISCUSSIONS ON THEIR DRAFT PSA WOULD TAKE PLACE AT THE KUALA LUMPUR FIELD WORKSHOP IN MAY. "THE PSYCHOLOGICAL EFFECT WILL BE VERY IMPORTANT. IF WE KNOW BEFORE JUNE WHAT POINTS REMAIN TO BE NEGOTIATED IT IS LESS LIKELY THAT PRICES WILL RISE." HE WENT ON TO SAY THAT THE ANRPC PLAN WILL BE IMPLEMENTED "WHETHER THE CONSUMERS COME LIMITED OFFICIAL USE

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IN OR NOT."

8. EEC REPRESENTATIVE, DR. O. VAN WAUWE WAS EXTREMELY HELPFUL TO U.S. AND OTHER OBSERVER REPS DURING ASSEMBLY AND STATED HIS INTENTION TO CONTACT MR. ALAN LOGAN OF OUR EEC MISSION UPON HIS RETURN TO BRUSSELS APRIL 10.
WRIGGINS

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